

## Message Text

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PAGE 01 ROME 13607 01 OF 02 201523Z

47

ACTION EUR-12

INFO OCT-01 EA-07 ISO-00 CIAE-00 PM-04 H-02 INR-07 L-03

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FM AMEMBASSY ROME

TO SECSTATE WASHDC 9541

INFO AMEMBASSY BONN

AMEMBASSY LONDON

AMEMBASSY PARIS

AMEMBASSY TOKYO

DIA WASHDC

USMISSION NATO

USCINCEUR VAIHINGEN GERMANY

AMCONSUL MILAN

AMCONSUL NAPLES

USDOCSOUTH

USNMRSHAPE

C O N F I D E N T I A L SECTION 1 OF 2 ROME 13607

E.O. 11652: GDS

TAGS: PFOR, IT, PINT

SUBJ: ITALIAN POLITICS -- A PAUSE BEFORE THE LONG,  
DIFFICULT WINTER

USDOCSOUTH FOR INTAF

USNMRSHAPE FOR POLAD

1. PARLIAMENT ADJOURNED IMMEDIATELY AFTER THE CONFIRMATION OF THE ANDROTTI GOVERNMENT. THE ADJOURNMENT ALLOWS THE LEGISLATORS TO JOIN THE REST OF ITALY IN THE TRADITIONAL AUGUST VACATION AND PROVIDES A PAUSE IN THE POLITICAL LIFE OF THE COUNTRY, A PAUSE THAT WILL BE FOLLOWED BY A DIFFICULT WINTER WHICH MAY  
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PAGE 02 ROME 13607 01 OF 02 201523Z

WELL SHAPE THE NEXT GENERATION OF ITALIAN POLITICS.

THE BASIC ISSUE WILL, OF COURSE, BE THE ROLE TO BE PLAYED BY THE COMMUNIST PARTY (PCI) IN THE ITALIAN GOVERNING PROCESS. THE DYNAMIC ELEMENTS IN THE SITUATION ARE NOT, HOWEVER, LIKELY TO BE FOUND IN THE PCI BUT RATHER IN THE NON-COMMUNIST PARTIES, FOR THE REAL QUESTION IS WHETHER THE NON-COMMUNIST MAJORITY IN ITALY CAN REACH AN INTERNAL AGREEMENT SUFFICIENTLY BROAD TO ENABLE IT TO PROVIDE AN EFFICIENT AND EFFECTIVE NATIONAL GOVERNMENT.

2. ANDREOTTI'S MINORITY GOVERNMENT RECEIVED PARLIAMENTARY APPROVAL ONLY BECAUSE ALL OTHER PARTIES (EXCEPT THE EXTREME RIGHT (MSI) AND FRINGE GROUPS ON THE EXTREME LEFT) ABSTAINED. SO LONG AS THESE ABSTAINING PARTIES CONTINUE TO VOTE IN THE SAME WAY, THE ANDREOTTI GOVERNMENT WILL BE DEPENDENT ON PCI ABSTENTION IN THE CHAMBER BUT, IF ONE ABSTAINING PARTY SHOULD SHIFT TO SUPPORT DC, PCI ABSTENTION WILL NO LONGER BE CONTROLLING. MOST OBSERVERS EXPECT THAT THE PCI WILL, AT LEAST FOR THE FIRST 5-6 MONTHS, BE ON ITS BEST BEHAVIOR AND NOT PRECIPITATE ANOTHER GOVERNMENT CRISIS. THE RATIONALE FOR THIS CONCLUSION IS THAT THE PCI WOULD NOT HAVE PERMITTED THE ANDREOTTI GOVERNMENT TO GET ITS VOTE OF CONFIDENCE IF IT COULD HAVE ENVISAGED A MORE FAVORABLE, WORKABLE ALTERNATIVE. SUCH AN ALTERNATIVE IS NOT LIKELY TO APPEAR ON THE HORIZON IN THE IMMEDIATE FUTURE. THE PCI DOES NOT WISH TO ATTEMPT TO ORGANIZE AN "ALTERNATIVE OF THE LEFT". INSTEAD, IT WILL CONTINUE TO WORK TOWARD A GRADUAL DEVELOPMENT OF A PARTNERSHIP WITH THE DC, WHICH IT SEES AS THE LEAST TRAUMATIC AND MOST ACCEPTABLE ROAD ON WHICH TO TRAVEL TOWARD NATIONAL GOVERNMENTAL POWER. FOR THE SAME REASONS, THE PCI CAN BE EXPECTED TO AVOID ANY ACTION THAT WOULD MAKE IT RESPONSIBLE FOR NEW PARLIAMENTARY ELECTIONS. APART FROM THE UNWELCOME NEGATIVE IMPACT ON PUBLIC OPINION THAT PRECIPITATION OF A GOVERNMENT CRISIS AND NEW ELECTIONS WOULD PROBABLY ENTAIL, THE PCI ALSO PROBABLY WISHES TO DIGEST AND CONSOLIDATE THE SUBSTANTIAL POLITICAL GAINS IN "RESPECTABILITY" AND "ACCEPTANCE", AS WELL AS A

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PAGE 03 ROME 13607 01 OF 02 201523Z

CERTAIN MEASURE OF POLITICAL POWER, THAT ITS ACQUISITION OF A NUMBER OF IMPORTANT PARLIAMENTARY POSITIONS PROVIDES. FURTHER, SOME OBSERVERS ARGUE THAT THE PCI IS CURRENTLY TROUBLED BY INTERNAL DISSENSIONS OR DIVERGENCES BETWEEN THE PARTY BASE AND THE NATIONAL LEADERSHIP AND THAT, AS A RESULT, IT WILL WELCOME A PERIOD OF RELATIVE TRANQUILLITY IN ORDER TO HAVE TIME TO WORK OUT THOSE PROBLEMS. FINALLY, A DESIRE TO AVOID

HAVING ITALY BECOME AN ISSUE IN THE FORTHCOMING WEST GERMAN AND US ELECTIONS WHICH WOULD HURT PARTIES THEY PERCEIVE AS BEING MORE FLEXIBLE TO THEM, SHOULD ALSO SERVE AS A BRAKE ON COMMUNIST BEHAVIOR. THERE IS OF COURSE THE POSSIBILITY THAT THE PCI'S REPRESENTATIVES IN PARLIAMENT (ESPECIALLY INGRAO) WILL NOT FOLLOW THE LEADERSHIP'S POLICY OF QUIET COOPERATION (AT LEAST FOR A TIME), BUT INSTEAD MAY ATTEMPT TO ASSERT A LARGER ROLE THAT COULD UPSET THE DELCATE BALANCING ACT THAT ANDREOTTI IS ATTEMPTING.

3. WHATEVER THE PCI DOES, THE AUTUMN AND WINTER ARE NOT LIKELY TO BE TRANQUIL FOR THE CHRISTIAN DEMOCRATS (DC) AND THE LAY PARTIES. EACH HAS ITS OWN SERIOUS PROBLEMS AND THE WAY IN WHICH EACH WORKS OUT THOSE PROBLEMS OVER THE NEXT SIX MONTHS TO ONE YEAR WILL HAVE AN IMPORTANT IMPACT ON DETERMINING THE CHARACTER OF THE SUCCESSOR OF THE PRESENT ANDREOTTI GOVERNMENT.

4. THE DC IS BE SET WITH TWO DIFFERENT KINDS OF PROBLEMS. AS A GOVERNMENT, IT MUST CONVINCE THE PUBLIC THAT THINGS HAVE CHANGED, THAT IT IS ABLE TO DEAL WITH THE VARIOUS ECONOMIC AND SOCIAL CRISIS, THAT IT IS ABLE TO PROVIDE HONEST, EFFICIENT, AND EFFECTIVE GOVERNMENT. THIS IS WHAT A SKEPTICAL PUBLIC WANTS, AND ANDREOTTI APPEARS TO HAVE GOTTEN THE MESSAGE. HIS ACTIONS TO DATE AND THE PROGRAM HE PRESENTED TO PARLIAMENT CLEARLY REFLECT A DETERMINATION TO PROVIDE A DYNAMIC, ACTIVIST KIND OF GOVERNMENT THAT IS PREPARED TO ADDRESS AND ACT ON THE DIFFICULT PROBLEMS CONFRONTING THE COUNTRY. WHETHER HIS GOVERNMENT'S PERFORMANCE WILL MATCH THE GOOD INTENTIONS IS THE CRUCIAL QUESTION AT THE SAME TIME, THE DC AS A PARTY FACES A CRISIS OF CONFIDENTIAL

CONFIDENTIAL

PAGE 04 ROME 13607 01 OF 02 201523Z

LEADERSHIP. ALTHOUGH THE DC GROUP IN THE PARLIAMENT AND THE ANDREOTTI GOVERNMENT SHOW A SUBSTANTIAL AMOUNT OF "RENEWAL", THE PARTY LEADERSHIP DOES NOT. TO A LARGE EXTENT THE OLD GUARD IS STILL IN COMMAND, AND THE OLD FACTIONS ARE STILL ABLE TO EXTRACT THEIR POUND OF FLESH (ONE OF THE UNHAPPIEST ASPECTS OF THE ANDREOTTI CABINET AND SUB-CABINET). THE PARTY LEADERSHIP (THE SECRETARIAT, THE NATIONAL DIRECTORATE, AND THE NATIONAL COUNCIL) HAS NOT CHANGED SINCE THE PARTY CONGRESS IN MARCH 1976, ALTHOUGH THE DC DEPUTIES ELECTED IN JUNE CLEARLY INDICATE A DIFFERENT BALANCE OF FORCED. FURTHERMORE, VIRTUALLY NO ACTION HAS BEEN TAKEN TOWARD REFORM OF THE PARTY STRUCTURE, A SUBJECT THAT WAS A CENTRAL ISSUE AT THE MARCH CONGRESS. WHILE THIS IS PERHAPS UNDERSTANDABLE, GIVEN THE GOVERNMENTAL CRISIS AND

THE PARLIAMENTARY ELECTION, TIME IS RUNNING OUT.  
IT IS ENCOURAGING THAT ZACCAGNINI'S LAST ACT BEFORE  
GOING ON VACATION WAS A FRONT PAGE EDITORIAL IN THE  
PARTY'S PAPER CALLING ON THE PARTY URGENTLY TO ADDRESS  
ITSELF TO THESE PROBLEMS OF REFORM. WHILE A GOOD DC  
PERFORMANCE AS A GOVERNMENT AND AS A PARTY ARE IMPORTANT FOR  
THE DC ITSELF, THERE ARE ALSO IMPORTANT IN TERMS OF THE  
PSYCHOLOGICAL IMPACT THEY WILL HAVE ON THE LAY PARTIES ON  
WHICH THE DC MUST IN THE END RELY IF IT IS TO ORGANIZE  
AN EFFECTIVE NON-COMMUNIST MAJORITY.

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PAGE 01 ROME 13607 02 OF 02 201627Z

47

ACTION EUR-12

INFO OCT-01 EA-07 ISO-00 CIAE-00 PM-04 H-02 INR-07 L-03

NSAE-00 NSC-05 PA-01 PRS-01 SP-02 SS-15 USIA-06

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R 201350Z AUG 76  
FM AMEMBASSY ROME  
TO SECSTATE WASHDC 9542  
INFO AMEMBASSY BONN  
AMEMBASSY LONDON  
AMEMBASSY PARIS  
AMEMBASSY TOKYOO  
RUEKJCS DIA WASHDC  
USMISSION NATO  
USCINCEUR VAININGEN GERMANY  
AMCONSUL MILAN  
AMCONSUL NAPLES  
USDOCSOUTH  
USMNR SHAPE

C O N F I D E N T I A L SECTION 2 OF 2 ROME 13607

5. OF THE LAY PARTIES, THE SOCIALISTS (PSI) ARE THE  
KEY. THE PSI HAS ALREADY STARTED ITS GENERATIONAL  
REFORM BY OUSTING IN MID-JULY THE OLD-TIME LEADER  
DE MARTINO AND REPLACING HIM WITH 42-YEAR-OLD  
BETTINO CRAXI OF MILAN. BUT THE GENERATIONAL CHANGE

WAS DONE AT THE EXPENSE OF NOT CHANGING THE PARTY'S POLICY, I.E., A SHORT-TERM PREFERENCE FOR A "GOVERNMENT OF NATIONAL UNITY" AND A LONG TERM STRATEGY FAVORING THE "ALTERNATIVE OF THE LEFT". NEITHER OF THESE POLICIES IF CONGENIAL TO CRAXI, WHO IS VERY MUCH A MODERN WESTERN MAN, A DEMOCRAT, AND AN ANTI-COMMUNIST, WHO IS FORTUNATELY FREE OF A LOT OF THE IDEOLOGICAL CANT AND HISTORIC MEMORIES OF THE COMMON FRONT AGAINST FASCISM THAT SO TROUBLED THE OLDER LEADERS OF THE PCI. HOWEVER, THE PARTY IS ANYTHING BUT UNITED AND CRAXI  
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PAGE 02 ROME 13607 02 OF 02 201627Z

DOES NOT YET COMMAND A FIRM AND STABLE MAJORITY. NEVERTHELESS, THERE ARE INDICATIONS THAT THE RESULTS OF THE LAST ELECTION ( AND THE IMPLICIT THREAT OF BEING SQUASHED BY THE PCI) HAVE CAUSED MANY IN THE PSI TO DO SOME RETHINKING ABOUT THEIR PARTY AND ITS FUTURE. IT IS CLEAR, WITH CRAXI'S ELECTION, THAT A PROCESS OF CHANGE HAS BEEN BEGUN; IT IS NOT CLEAR, HOWEVER, JUST WHERE THAT PROCESS WILL LEAD. IT IS TO BE HOPED THAT CRAXI WILL BE ABLE TO PUT TOGETHER A SOLID MAJORITY THAT IS WILLING TO BRING THE PARTY DECISIVELY BACK TO COOPERATION WITH THE NON-COMMUNIST PARTIES AND, SPECIFICALLY, THE DC. EVENTS BOTH WITHIN AND WITHOUT THE PARTY DURING THIS NEXT WINTER MAY WELL BE DECISIVE AND CRAXI'S SUCCESS IN CONSOLIDATING HIS LEADERSHIP IS FAR FROM ASSURED. HOWEVER, EVEN IF HE SUCCEEDS AND THE PSI IS WILLING TO LOOK TOWARD ALLIANCE WITH THE NON-COMMUNIST PARTIES, IT WILL NOT GO BACK TO THE OLD CENTER-LEFT FORMULA IN WHICH THE LAY PARTIES WERE VERY MUCH JUNIOR PARTNERS. INSTEAD, THE PSI AND THE LAY PARTIES WILL INSIST ON SOMETHING MUCH MORE LIKE EQUAL PARTNERSHIP WITH THE DC.

6. OF THE REMAINING LAY PARTIES, THE REPUBLICANS (PRI) AND SOCIAL DEMOCRATS (PSDI) APPEAR LIKELY TO FOLLOW THE LEAD OF THE PSI IN TERMS OF POLICY AND ACTION TOWARD THE TWO MAJOR PROTAGONISTS, THE PCI AND THE DC. BUT THEY, TOO, HAVE INTERNAL PROBLEMS. BOTH ARE LED BY OLD MEN (LA MALFA AND SARAGAT) WHO ARE PAST DUE FOR RETIREMENT AND WHO ARE UNFORTUNATELY INFECTING THEIR PARTIES WITH A PROFOUND PESSIMISM AND, ESPECIALLY IN THE CASE OF SARAGAT, WITH THE BITTERNESS BORN OF OLD BATTLES LOST AND OLD SCORES LEFT UNSETTLED. THERE ARE NO OBVIOUS CANDIDATES TO REPLACE EITHER OF THEM WHICH REFLECTS THE DOMINATING POSITION THAT BOTH MEN HAVE HAD FOR OVER TWENTY YEARS. APART FROM THE PROBLEM OF LEADERSHIP, THE PSDI IS ALSO SUFFERING FROM INTERNAL DIVISIONS: TO REJOIN THE PSI OR TO STAY SEPARATE BECAUSE THE PSI IS INSUFFICIENTLY ANTI-COMMUNIST. IT

ALSO SUFFERS FROM TANASSI'S APPARENT INVOLVEMENT IN  
THE LOCKHEED SCANDAL, AND THE PARTY'S FAILURE TO DISOWN  
HIM UNTIL THE ISSUE IS RESOLVED. IT IS, IN SHORT,  
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PAGE 03 ROME 13607 02 OF 02 201627Z

A DEEPLY DIVIDED PARTY, RACKED BY SCANDAL, WITHOUT  
EFFECTIVE LEADERSHIP. BY CONTRAST, THE PRI HAS BEEN  
A RELATIVELY WELL UNITED AND TROUBLE-FREE PARTY UNTIL  
RECENTLY. ITS FAILURE TO MAKE SUBSTANTIAL GAINS IN  
THE LAST ELECTION (IT DID NOT LOSE) AND LA MALFA'S  
GROWING AND PUBLICLY EXPRESSED PESSIMISM ABOUT THE  
INEVITABILITY OF COMMUNISM HAVE PRODUCED INCREASING  
SIGNS OF UNHAPPINESS WITHIN THE PARTY, MOST OF WHICH  
SEEM TO BE AIMED AT THE RETIREMENT OF LA MALFA.  
NEVERTHELESS, NO MOVE TO REPLACE HIM AND NO REPLACEMENT  
IS YET VISIBLE.

7. THE LIBERAL (PLI) PARTY LOST BADLY IN THE LAST ELECTION.  
IT NOW HAS ONLY 1.3 PERCENT OF THE VOTE. IT APPEARS  
OVER THE YEARS TO HAVE LOST ITS "NATURAL" ELECTORATE  
IN THE UPPER MIDDLE CLASS, A LOSS THAT IS ATTRIBUTABLE  
AT LEAST IN PART TO THE LONG DOMINANCE OF THE PARTY  
BY A SINGLE MAN, MALAGODI. ALTHOUGH HE WAS FINALLY  
FORCED TO RETIRE LAST YEAR, HIS RETIREMENT MAY HAVE  
BEEN TOO LITTLE TOO LATE. ONE HOPE FOR RECOVERY OF  
THE PLI MAY LIE IN THE BREWING REVOLUTION WITHIN THE FAR-  
RIGHT MSI (6.3 PERCENT OF THE VOTE), IN WHICH MANY  
ARE TIRED OF BEING EXCLUDED FROM ANY ROLE IN NATIONAL  
POLITICAL LIFE BECAUSE THE PARTY'S LEADERSHIP ATTRACTS  
THE LABEL "FASCIST". THERE ARE SIGNS THAT SUBSTANTIAL  
PERCENTAGE OF THAT PARTY MAY BREAK AWAY AND ATTEMPT TO  
FOR (OR FIT INTO) A CLEARLY NON-FASCIST PARTY. FROM  
THE POINT OF VIEW OF CONSERVATISM, THE REMNANTS OF THE  
PLI MIGHT PROVE TO BE NATURAL ALLIES. IF EVEN 50 PERCENT  
OF THE MSI BROKE AWAY AND ALLIED ITSELF WITH THE PLI, IT  
WOULD PROVIDE THE NON-COMMUNIST SIDE OF THE (#)

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PAGE 04 ROME 13607 02 OF 02 201627Z

IS DISUNITED AND DIS-  
ORGANIZED, WHILE THE COMMUNIST MINORITY IS JUST THE  
OPPOSITE. THE ELECTION CAMPAIGN LEFT THE DC WITH A  
STRONG COMMITMENT, ON WHICH THE PARTY PRESENTLY SEEMS  
UNITED, NOT TO BRING THE PCI INTO THE GOVERNMENT. IN  
ITS PRESENT MINORITY POSITION, HOWEVER, IT CANNOT HOLD  
THAT LINE FOR VERY LONG UNLESS IT IS ABLE TO CONSTRUCT  
A NON-COMMUNIST MAJORITY ALLIANCE IN THE PARLIAMENT.  
THE VARIOUS PROBLEMS INVOLVED IN DOING SO ARE OUTLINED  
IN THE PRECEDING PARAGRAPHS. AS THOSE PARAGRAPHS  
MAKE CLEAR THERE ARE MANY STRANDS THAT WILL GO INTO  
WEAVING THE NEW FABRIC OF ITALIAN POLITICS. NEVERTHELESS,  
THE MOST IMPORTANT ELEMENT WILL PROBABLY BE WHETHER OR  
NOT THE DC DOES WELL, AS A PARTY AND AS A GOVERNMENT.  
IN ITALIAN POLITICS, AS ELSEWHERE, "NOTHING SUCCEEDS  
LIKE SUCCESS". IF THE DC IS SEEM TO BE SUCCESSFUL,  
THE PROBLEM OF REBUILDING THE DC-LAY ALLIANCE WILL BE  
GREATLY SIMPLIFIED. IF THE ALLIANCE CANNOT BE REBUILT,  
THEN AN INCREASING ROLE FOR THE PCI IS PROBABLY IN-  
EVITABLE. THE NEXT SIX TO TWELVE MONTHS SHOULD  
REVEAL THE TRENDS WHICH WILL DETERMINE THE RESOLUTION  
OF THIS IMPORTANT ISSUE.BEAUDRY

NOTE BY OC/T: SECTION 2 OF 2 ROME 13607 (#) OMISSION.  
CORRECTION TO FOLLOW.

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